

Message Text

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UNCLAS STATE 189395

TOSEC 4

FOLLOWING SENT DEPT OF THE TREASURY, SECSTATE WASHDC,
USINFO WASHDC SEPTEMBER 23, 1973 FROM NAIROBI IS REPEATED
TO YOU: QUOTE

UNCLAS NAIROBI 6417

SHUTO 5

E.O. 11652: N/A
TAGS: OVIP (SHULTZ, GEORGE)
SUBJECT: SEPTEMBER 23 PRESS BRIEFING BY SECRETARY SHULTZ

TREASURY FOR ALAN WADE

DEPT. PASS ALL DIPLOMATIC AND CONSULAR POSTS

THERE FOLLOWS THE TRANSCRIPT OF A PRESS CONFERENCE BY SECRETARY
SHULTZ AT THE CONCLUSION OF THE C-20 MINISTERIAL MEETING AT THE
KENYATTA CONFERENCE CENTER, NAIROBI, ON SEPTEMBER 23, 1973.

"THERE ARE A FEW MAIN POINTS COMING OUT OF THIS (COMMITTEE OF TWENTY
MINISTERIAL) MEETING AND I WOULD LIKE TO SUMMARIZE THEM IN A FORM
THAT GIVES OUR INTERPRETATION OF WHAT THEY MEAN.

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I WOULD SAY, FIRST OF ALL THAT WHILE THERE WAS GREAT DEAL OF
IMPATIENCE AND SOME DISAPPOINTMENT EXPRESSED AT THE OUTCOME
OF THE DEPUTIES MEETING IN PARIS, NEVERTHELESS IT WAS APPARENT THAT
THERE HAD BEEN PROGRESS ENOUGH AND EVIDENCE OF POLITICAL WILL

ENOUGH SO THAT THE COMMITTEE FELT IT APPROPRIATE AND POSSIBLE TO SET A DEADLINE FOR COMPLETING THIS TASK BY THE END OF JULY 1974.

NOW, SO FAR AS WE CAN SEE, THAT OBVIOUSLY CALLS FOR AN ACCELERATED WORK PROGRAM BY THE DEPUTIES, AND WORKING GROUPS ARE SPECIFIED FOR THAT. IT INVOLVES AN ACCELERATED WORK PROGRAM FOR THE MINISTERS, AND SO WE WOULD LOOK TOWARD A MEETING IN JANUARY AND IN THE LATE SPRING, PERHAPS JUNE, DEPENDING ON WHAT SEEMS APPROPRIATE. I BELIEVE IT IS FAIR TO SAY FROM THE STATEMENTS AND SUGGESTIONS MADE BY MANY AT THE MEETING THAT CERTAINLY WOULD EXPECT TO HAVE THE OPPORTUNITY OF MEETING WITH VARIOUS MINISTERS OF OUR LEADING TRADING PARTNERS IN BETWEEN THESE MEETING. I WOULD EXPECT--AND I IMAGINE THE OTHER MINISTERS WOULD ALSO EXPECT TO SPEND A CONSIDERABLE PORTION OF THEIR TIME WORKING ON THIS MATTER AND MAKE IT A MATTER OF TOP PRIORITY.

SO I THINK THAT IN TERMS OF THE OUTCOME OF THE MEETING IT IS, IN A SENSE, PROCEDURAL RATHER THAN SUBSTANTIVE, SINCE THERE WAS NO SUBSTANTIVE MATTER THAT COULD REALLY HAVE BEEN DEALT WITH AT THIS MEETING. BUT THE IMPLICATIONS OF THE PROCEDURAL DECISION, I THINK, ARE STRONG.

IN TERMS OF THE SUBSTANCE, AS I WOULD INTERPRET THE SITUATION, WE HAVE A BUREAU DRAFT THAT WILL BE DISTRIBUTED IN DUE COURSE WHICH GIVES THE BUREAU'S VIEW OF WHERE WE ARE AND SUMMARIZES DIFFERENCES AND POINTS OF AGREEMENT. WE DO NOT NECESSARILY AGREE ON PRECISELY EVERYTHING IN THAT DOCUMENT BUT WE REGARD IT AS SOMETHING TO TAKE NOTE OF AND IT DOES PROVIDE CLARIFICATION ON MANY ISSUES. WE WOULD EXPECT IN THE NEXT MINISTERS MEETING TO MOVE ON TOPICALLY, PARTICULARLY TO THE COMPLICATED AND DIFFICULT ISSUES INVOLVING THE SDR AND ITS CHARACTERISTICS AND SOME OF THE ASSOCIATED MATTERS. WE WOULD EXPECT THE DEPUTIES TO BE WORKING HARD ON THE OPERATIONAL IMPLICATIONS OF VARIOUS MAIN ALTERNATIVES ON THE ADJUSTMENT PROCESS AND CONVERTIBILITY SO THAT WHEN WE COME BACK TO THOSE SUBJECTS, THE POLITICAL WILL WHICH WAS SO EVIDENT IN JULY IN WASHINGTON CAN BE EXERCISED IN A TRULY UNCLASSIFIED

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INFORMED AND CAREFUL WAY. I THINK THAT SUMMARIZES OUR IMPRESSIONS FROM THIS MEETING.

Q. MR. SHULTZ, YOU NOTED THAT THERE WAS POLITICAL WILL EVIDENT IN JULY. I HAVE THE IMPRESSION THAT IT IS SOMEWHAT LACKING NOW. DO YOU AGREE WITH THAT?

A. NO I DON'T THINK SO AT ALL. I THINK THAT IF THERE HAD NOT BEEN A FEELING THAT THIS GROUP SHOULD TRY TO DO THIS JOB, PEOPLE WOULD NOT HAVE BEEN WILLING TO PIN THEMSELVES DOWN TO A DEADLINE. NOW I EMPHASIZE THE DEADLINE IN EXHIBITING THAT FACT AND, AT THE SAME TIME I WOULD EXPECT THAT WE WILL ROUNDUP MUCH OF THE WORK WELL BEFORE THE DEADLINE. AND NOT WAIT. IT SHOULD NOT BE ONE OF THOSE LAST MINUTE

THINGS WHERE YOU DECIDE ON MIDNIGHT OF JULY 31, WHATEVER DAY OF THE WEEK THAT HAPPENS TO BE.

Q. MR. SECRETARY, HOW LONG AFTER THAT WOULD IT TAKE FOR YOU TO HAVE A MONETARY SYSTEM ACTUALLY FUNCTIONING?

A. WELL THAT WAS NOT PINNED DOWN-AND I THINK IT IS HARD TO PIN IT DOWN-BECAUSE ONCE THERE IS AGREEMENT ON BASIS PRINCIPLES AND THEIR SORT OF OPERATING CHARACTERISTICS, AT THAT POINT THE LAWYERS HAVE TO BE INVITED IN TO WORK WITH US AND CONVERTING IT INTO ARTICLES OF AGREEMENT.

I DON'T BELIEVE ANYONE HAS TRIED TO ESTIMATE HOW LONG THAT PROCESS WILL TAKE. BUT IT CERTAINLY AT THAT STAGE SHOULD NOT TAKE FOREVER. IT WOULD BE A QUESTION OF WHETHER OR NOT IT COULD BE DONE BY THE TIME OF THE ANNUAL MEETING, I WOULD HOPE WE WOULD TRY TO GET IT DONE THEN BUT THE CHAIRMAN DID NOT MAKE ANY COMMITMENT ON THAT POINT.

Q. IT WOULD TAKE ANOTHER YEAR AFTER THAT FOR RATIFICATION?

A. CERTAINLY, ANY AGREEMENT REACHED WOULD HAVE TO GO BACK TO LEGISLATURES IN MOST CASES. CERTAINLY IN OUR CASE IN THE U.S., WE WOULD TAKE ANY AGREEMENT BACK TO OUR CONGRESS, THEY WOULD HAVE TO GIVE THEIR BLESSING.

Q. AFTER JULY, COULD ANY PART OF THIS BE PUT INTO EFFECT OR APPLIED ON AN INTERIM BASIS?

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A. YES, I THINK PROBABLY, I AM INCLINED TO THINK THAT IF WE SEE THE OVERALL SHAPE OF THINGS IT OUGHT TO BE POSSIBLE TO IMPELMENT - WE CERTAINLY WOULD WANT TO IMPLEMENT WHATEVER WE CAN OF THE TOTAL AND WHAT THAT WOULD BE, EXACTLY, I DON'T KNOW. BUT WE SHOULD HAVE THAT ATTITUDE AND ONE OF THE MINISTERS MADE A SPECIAL POINT OF THAT-- MR. TURNER OF CANADA.

Q. MR. SHULTZ, DID THE INITIATIVE FOR THE DEADLINE COME FROM THE U.S. ?

IT SOUNDS LIKE THE SORT OF THING THE EUROPEANS TEND TO DO FOR THEMSELVES IN THE ECC AND DOES OFTEN LEAD TO ALL NIGHT FINAL SESSIONS.

A. WELL, WE WOULD NOT BE LOOKING TO ALL NIGHT FINAL SESSIONS. I BELIEVE THE SUGGESTION WAS MADE BY THE CHAIRMAN. I DON'T RECALL EXACTLY WHO SAID WHAT AT THE MEETING. BUT HE PUT FORWARD THIS NOTION. AND THE NOTION OF A JANUARY MEETING AND ONE IN THE LATE SPRING. IT GOT COMMENTED ON AROUND THE ROOM BY VARIOUS PEOPLE BUT ESSENTIALLY I THINK IT ORIGINATED WITH HIM.

Q. HOW FIRM DO YOU THINK THE JULY 31ST DEADLINE REALLY IS? COULD IT SLIP COME NEXT SPRING IF YOU WERE NOT VERY CLOSE ON THE MAJOR ISSUES?

A. WELL, IT SOUNDS LIKE AN UNAMBIGUOUS TYPE OF DEADLINE. WE COULD HAVE SAID BY MID-SUMMER AND THAT WOULD HAVE GIVEN LOTS OF SCOPE FOR MOVING AROUND. BUT JULY 31ST- YOU CAN PIN US DOWN ON THAT.

Q. WHAT AGREEMENT DO YOU SEE EMERGING BETWEEN YOURSELF AND THE EUROPEAN COMMUNITY, BECAUSE THERE HAVE BEEN PROBLEMS THERE?

A. THE MEETING TODAY DIDN'T REALLY MAKE AN EFFORT TO GO INTO DETAILED PROBLEMS AND SEE WHAT SUBSTANTIVELY COULD BE WORKED OUT BUT RATHER TOOK NOTE OF THE WORK THAT HAD BEEN DONE AND THE STATUS OF IT FOCUSES ON THESE PROCEDURAL MATTERS. I THINK THE QUESTION IS, HOW DO YOU INTERPRET THE PROCEDURAL DECISIONS- WHAT DO THEY MEAN FOR PEOPLE'S SENSE OF WHAT CAN BE DONE AND SHOULD BE DONE OF THE SUBSTANTIVE QUESTIONS?

Q. WHAT WILL THE DEPUTIES BE DOING FOR THE REST OF THE WEEK? WILL UNCLASSIFIED

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THERE BE MEETINGS?

A. WELL, THEY ARE GOING TO HAVE A MEETING ON THURSDAY. THEY WILL HAVE TO LAY OUT AT THAT MEETING THE LINES OF WORK--PRESUME OF THE WORKING GROUPS PRIMARILY- AND SET THEIR OWN METHOD OF OPERATIONS. BUT I THINK, IN A SENSE, A SIGN OF PROGRESS IS THE GENERAL ASSENT THAT WE SIMPLY HAVE TO CONSTRUCT SMALL GROUPS OF WORK ON PROBLEMS AND BRING THEM BACK TO THE GENERAL BODY, AND AS WE ALL KNOW THEN IT COME TO THE PAINSTAKING WORK INVOLVED, YOU CAN'T DO IT IN A GIGANTIC MEETING. IT HAS TO BE DONE IN SMALLER GROUPS AND BROUGHT BACK TO THE GENERAL MEETING.

Q. INAUDIBLE

A. WELL, JULY 31ST IS LESS THAN A YEAR AWAY- AND I EXPRESSED THE HOPE THAT WE WOULDN'T WAIT, ALTHOUGHT I, AS AN OLD COLLECTIVE BARGAINER, I RECOGNIZE THE MIDNIGHT PROCLIVITIES OF BARGAINERS. WHILE MUCH OF THIS GETS SET IN PEOPLES MINDS AS A QUESTION OF BARGAINING-FOR THE MOST PART IT ISN'T SO MUCH THAT.

EVERYBODY WANTS A SYSTEM THAT WILL WORK, THAT WILL BRING ABOUT REASONABLE EQUILIBRIUM AND OPERATE IN A SYMMETRICAL WAY-USE THE SDR AS THE BASIC NUMERAIRE AND SO ON-THERE IS AN AWFUL LOT OF AGREEMENT WHEN YOU GO BACK AND TRY TO ADD IT UP OVER THE PAST YEAR, SO THERE IS A GOOD DEAL TO BUILD ON. BUT I WOULD HOPE WE COULD APPROACH IT, AT FIRST

ALWAYS IN PART AS A MATTER OF NEGOTIATION, BUT PRIMARILY AS A MATTER OF TRYING TO DESIGN A SYSTEM THAT WILL WORK FOR EVERYBODY. WHILE INTER- NATIONAL ECONOMIC MATTERS ARE OFTEN THOUGHT OF AS CONTENTIOUS BECAUSE PEOPLE DO ARGUE ABOUT THEM A LOT, WE ALWAYS HAVE TO REMIND OURSELVES OF THE REASON WHY THERE IS A MONETARY SYSTEM. THE REASON PEOPLE ARE INTERESTED IN TRADE AND SO ON IS THAT EVERYBODY GAINS FROM IT. SO IT IS NOT A ZERO SUM GAME WHERE FOR EVERYBODY WHO WINS SO MUCH SOMEBODY ELSE LOSES THE SAME AMOUNT. IT IS AN OPERATION IN WHICH EVERYBODY HAS A GREAT POSITIVE STAKE TOGETHER.

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Q. DO YOU THINK THAT THIS IMPLIES THAT NOTHING OF SUBSTANCE WILL BE ACCOMPLISHED AT THIS OVERALL MEETING?

A. WELL I THINK THAT THE SUBSTANTIVE DISCUSSIONS OF THE MINISTERS HAVE BEEN COMPLETED NOW AS FAR AS THE C-20 IS CONCERNED, THERE IS NO PROSPECT OF THE GROUP GATHERING AGAIN, AND IN SOME WAYS OF COURSE TO GET INTO A REAL EXTENDED DISCUSSION ON THIS SUBJECT. THIS ANNUAL MEETING IS NOT THE BEST SETTING. SO MUCH ELSE IS GOING ON AND THERE IS A GREAT DEAL OF DISTRACTION AND ONE NEEDS TO REALLY CONCENTRATE ON THIS SUBJECT BY ITSELF. THE SECRETARY IS SCHEDULED TO HOLD ANOTHER BRIEFING AT 5:00 PM LOCAL TIME, MONDAY, SEPTEMBER 24.

SHULTZ

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